



## Memorandum # 10/2006

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission  
Five Middlesex Avenue, Third Floor, Somerville, MA 02145  
Ph 617 666 4446 | Fax 617 628 4002 | TTY 617 591 8917 | [www.mass.gov/perac](http://www.mass.gov/perac)  
Domenic J. F. Russo, *Chairman* | A. Joseph DeNucci, *Vice Chairman*  
Henry G. Brauer | Kenneth J. Donnelly | James M. Machado | Donald R. Marquis | Thomas Trimarco  
Joseph E. Connarton, *Executive Director*

### MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: 2006 limits under Chapter 46 of the Acts of 2002

DATE: January 30, 2006

Prior PERAC Memos (# 27/2002, # 45/2002, and #17/2003) briefly outlined Chapter 46 of the Acts of 2002. This law brought the Massachusetts Retirement Law into compliance with Federal Limitations on the compensation used to calculate retirement allowances and the dollar amounts of retirement allowances. This provision affects only the highest paid employees and will not apply to most retirement systems and most retirement system members.

The regulations regarding Section 401(a)(17) (compensation limit) and Section 415 (benefit limit) of the Internal Revenue Code are quite complex and can vary under individual circumstances. The compensation limit for 2006 is generally \$220,000 (\$325,000 if a current member became a member prior to 12/31/95). The general benefit limit for 2006 is \$175,000 per year for a member retiring at age 65 although this limit is generally reduced for early retirement. These limitations are indexed each year.

Please contact our Actuary, Jim Lamenzo, if you have any questions.